

**Energy Efficiency
Program Performance
Incentive Reconciliation**

2002





NSTAR Electric & Gas Corporation
One NSTAR Way, Westwood, Massachusetts 02090-9230

October 15, 2003

Mary L. Cottrell, Secretary
Department of Telecommunications and Energy
One South Station, 2nd Floor
Boston, MA 02110

**Re: NSTAR Electric, D.T.E. 00-63-A
Energy Efficiency Program Performance
2002 Incentive Reconciliation Report**

Dear Secretary Cottrell:

Pursuant to the Offer of Settlement filed in this proceeding on April 10, 2002 (the "2002 Update") and approved by the Department of Telecommunications and Energy ("Department") on January 28, 2003, attached is NSTAR Electric's¹ Incentive Reconciliation Report for energy efficiency program performance for the period January 1, 2002 through December 31, 2002. Specifically, in the 2002 Update, the Settling Parties² agreed to performance metrics with respect to NSTAR Electric's 2002 energy efficiency programs. The attached report sets forth the Company's performance with respect to individual 2002 metrics and the level of incentive actually achieved based upon 2002 performance. This report and the Company's documentation supporting 2002 metric performance have been thoroughly examined by the Settling Parties³ and their consultants. All of their comments are reflected in today's filing.

Thank you for your attention to this filing. Should you have any questions, please do not hesitate to contact me directly at (781) 441-3300.

Sincerely,

A handwritten signature in black ink that reads "George Thompson".

George Thompson
Director, Energy Efficiency

¹ Boston Edison Company, Cambridge Electric Light Company and Commonwealth Electric Company are collectively referred to as "NSTAR Electric" or the "Company."

² The 2002 Update was submitted jointly by NSTAR Electric and the Settling Parties including: The Conservation Law Foundation; The Energy Consortium; the Low-Income Energy Affordability Network (including: low-income weatherization and fuel assistance program providers; Action for Boston Community Development, Inc.; Action, Inc.; Massachusetts Community Action Program Directors' Association, Inc.; South Middlesex Opportunity Council, Inc.; and Tri-City Community Action Programs, Inc.); the Northeast Energy Efficiency Council; and the Associated Industries of Massachusetts.

³ The Conservation Law Foundation withdrew as a Party to this docket on July 31, 2002.

Mary L. Cottrell,
October 15, 2003
Page 2

cc: Robert Harrold, Assistant Director, Electric Power Division
Michael Killion, Hearing Officer
Norman Getz, Electric Power Division
Larry Masland, Division of Energy Resources
Ted Bohlen, Office of the Attorney General
Roger Borghesani, The Energy Consortium
Paul Gromer, Northeast Energy Efficiency Council
Angela O'Connor, Associated Industries of Massachusetts
Jerrold Oppenheim, Low-Income Energy Affordability Network
Elizabeth Hicks, Kema-Xenergy
David Rosenzweig, Keegan, Werlin & Pabian

NSTAR ELECTRIC

Energy Efficiency Program Performance Incentive Reconciliation

2002

On April 10, 2002, NSTAR Electric (the "Company") filed with the Department its 2002 Update ("Update") to the Company's three-year 2000-2002 Energy Efficiency Plan. The Department reviewed, and approved on January 28, 2003, this Update in docket D.T.E. 00-63-A.

Accordingly, during 2002 NSTAR Electric operated comprehensive energy efficiency programs targeting the residential, low-income and commercial and industrial ("C&I") customer sectors and agreed to performance metrics for the following energy efficiency programs:

1. Residential Programs
 - A. ENERGY STAR® Homes
 - B. ENERGY STAR® Lighting
 - C. ENERGY STAR® Appliances
 - D. Residential High Use
 - E. Residential Conservation Services
2. Residential Low-Income Programs
3. C&I Programs
 - A. C&I New Construction
 - B. C&I Retrofit
 - C. Small C&I Retrofit
4. C&I Market Transformation Initiatives
 - A. Motor Up Initiative
 - B. Unitary HVAC Initiative
 - C. Design Lights Consortium Initiative
 - D. Compressed Air Challenge Initiative
 - E. Operations & Maintenance Training Initiative
 - F. Management Awareness Initiative
 - G. Eco-Efficiency Initiative

Section 5 of the Department's Order Promulgating Final Guidelines to Evaluate and Approve Energy Efficiency Programs, D.T.E. 98-100 (2000) ("Guidelines") provides the Company an opportunity to earn a shareholder incentive, calculated as a percentage of the budget, depending upon measured performance with respect to pre-defined performance metrics for each of the above-listed programs. The Guidelines include definitions of a "threshold" performance level, a "design" performance level, and an "exemplary" performance level. The threshold performance level is defined as achieving 75% of the goal. The design performance level is defined as achieving 100% of the goal and the exemplary performance level is defined as achieving 125% of the goal. The Guidelines further state that a distribution company that meets at least 75% of its performance goals may earn an after-tax performance incentive equal to the product of (1) the average yield of the three-month United States Treasury bills issued in the most recent twelve months, (2) total program implementation costs as included in the Company's energy efficiency plan, and (3) the level of performance actually achieved (capped at 125%).

The Settling Parties agreed to performance metrics as specified in the 2002 Update and attached hereto as Exhibit 1 for ease of reference. The performance metrics were developed in accordance with Section 5 of the D.T.E. Guidelines with regard to structure for shareholder incentive mechanisms. However, with regard to calculating shareholder incentives, NSTAR Electric filed a motion September 25, 2002, pursuant to the D.T.E. Guidelines at § 1(2), requesting approval of a performance incentive calculation and rate for 2002 that differed from the method outlined in the Department's Guidelines at § 5. Specifically, due to the instability and recent decline of the yield on three-month Treasury bills, the Company requested Department approval to substitute 4.25% for the average yield of the three-month Treasury bills issued in the most recent twelve months. In its January 28, 2003 Order in D.T.E. 00-63-A, the Department granted the Company's request.

The Company, as specified in the 2002 Update, is now submitting herewith its incentive reconciliation report for 2002 energy efficiency efforts, including levels of achievement of applicable metrics, attached herewith as Exhibit 1. Exhibit 2 of this filing lists the supporting documentation, available upon request, for each metric and incentive level achieved. Exhibit 2 also sets forth the earned shareholder incentive for each metric. In sum, the total incentive earned for the program year 2002 was \$3,962,076.

Exhibit 1

NSTAR Electric 2002 Summary of Achieved Performance Metrics and Incentives												
Program/Initiative	Performance Metric Description	Threshold			Design			Exemplary			Achieved	
		Units	Dollars	%	Units	Dollars	%	Units	Dollars	%	Units	%
Energy Star Homes 1	Develop an updated program design and supporting program plan document.	Completed program design and market transformation plan update.	\$35,729		Provide summary of actions	\$47,639		Provide summary of actions	\$59,549		Provide summary of actions	125%
Energy Star Homes 2	Increase the number of Energy Star products installed in Energy Star Homes.	Average 12 "points"	\$46,316		Average 14 "points"	\$61,754		Average 16 "points"	\$77,193		17.29 points	125%
Energy Star Homes 3	Achieve consensus on data collection, analysis activities, and reporting recommendations from the program MPER plan and implement.	Provide consensus scope of work	\$26,466		Copy of signed contract(s)	\$35,288		Copy of MPR	\$44,110		Copy of MPR	125%
Energy Star Homes 4	Develop and implement a pilot effort in at least two Massachusetts communities designed to 1) increase residential new construction energy code compliance rates, 2) demonstrate the value of home energy ratings (HERS) as a code compliance vehicle to builders and community officials, and 3) expand the pool of energy rating providers.	Draft pilot plan	\$23,819		Final pilot plan	\$31,759		Do tasks described	\$39,699		Completed tasks described	125%
Energy Star Lighting 1	Participate in the development and implementation of Industry Initiated Promotions for Energy Star residential lighting.	Copy of ITP and distribution list	\$57,865		Copy of ITP and strategy documents	\$77,153		Copy of report	\$96,441		Copy of report	125%
Energy Star Lighting 2	Develop and implement a program transition strategy for small and independent retailers.	Memo	\$37,533		Memo and action plan	\$50,044		Memo of results	\$62,555		Memo of results	125%
Energy Star Lighting 3	Achieve consensus on data collection, analysis activities, and reporting recommendations from the program MPER plan and implement.	Provide consensus scope of work	\$23,459		Copy of signed contract(s)	\$31,278		Copy of MPR	\$39,098		Copy of MPR	125%
Energy Star Lighting 4	By December 31, 2001, develop an updated program design and market transformation plan document for the Massachusetts aspects of the NEEP Northeast Regional Energy Star Lighting Initiative to guide implementation of the residential lighting efforts in Massachusetts in 2003-2005. The updated design/plan document will consider updated market information and program experiences (including experiences with industry initiatives discussed above in Energy Star Lighting 1), and will include an updated program theory, planned program refinements, and a timeline and implementation strategy for those refinements.				Completed program design and market transformation plan update.	\$50,044					Completed program design and market transformation plan update.	100%
Energy Star Appliances 1	Participate in the development of an Industry Initiated Promotions for Energy Star residential appliances.	Copy of ITP and distribution list	\$40,060		Copy of ITP and strategy documents	\$53,413		Copy of report	\$66,766		Copy of report	125%

NSTAR Electric 2002 Summary of Achieved Performance Metrics and Incentives												
Program/Initiative	Performance Metric Description	Threshold			Design			Exemplary			Achieved	
		Units	Dollars	%	Units	Dollars	%	Units	Dollars	%		
Energy Star Appliances 2	Develop and implement a program transition strategy for small and independent retailers.	Document findings	\$25,985		Implement strategy with small and/or independent retailers	\$34,647		One promotional campaign	\$43,309		One promotional campaign	125%
Energy Star Appliances 3	Retain Clothes Washer Market Share.	18% Market Share	\$19,489		20% Market Share	\$25,985		22% Market Share	\$32,481		24.9% Market Share	125%
Energy Star Appliances 4	Achieve consensus on data collection, analysis activities, and reporting recommendations from the program MFER plan and implement.	Provide consensus scope of work	\$22,757		Copy of signed contract(s)	\$30,316		Copy of MPR	\$37,895		Copy of MPR	125%
Residential High Use	Save 4,125,000 annual gross KWH through approved program saving measures to electric heat and other high use customers. Note: Metric attainment will be determined using engineering estimates of gross savings, based on measure installation protocols developed by the Company and the NUP consultants.	3,093,750	\$114,285		4,125,000	\$152,380		5,156,250	\$190,475		4,988,788 kWh	121%
RCS 1	Establish an effective Tier 1 service	Memo describing system	\$28,421		Demonstration of System	\$37,895		Memo stating results	\$47,369		Memo stating results	125%
RCS 2	Percentage of home energy assessments (HEA) that have at least one major DSM measure (not including clock thermostats) installed as a result of the HEA. A gas customer to upgrade the measure. (Metric percentage levels will be based on the Residential RCS budget as filed/approved. NSTAR agrees to consult DOER for approval prior to any RCS budget adjustments. RCS Reported Data provided by Program Vendors and Administrators to DOER will be used to calculate the achieved percentage level.)	5.5%	\$61,804		6.5%	\$82,405		7.5%	\$103,006		14%	125%
RCS 3 Cancelled	Develop a plan to move RCS products and services toward a competitive market.				Write Memo	\$0		Write Action Plan	\$0		Metric Cancelled	
SUB-TOTAL RESIDENTIAL			\$563,967			\$802,000			\$939,945			
Low-Income 1	Support LEAN outreach to eligible customers not participating in low-income energy efficiency programs	Participate in working groups	\$135,288		Accomplish one of the three actions	\$180,384		Accomplish two of the three actions	\$225,480		Accomplish two of the three actions	125%
Low-Income 2	Support LEAN efforts to develop consistency of program delivery, measures, training, and savings and planning assumptions across the state.	Develop RFP	\$135,289		Hire & assist contractor, negotiate parameters	\$180,385		Participated in working group & develop best practices	\$225,481		Participated in working group & develop best practices	125%
SUB-TOTAL LOW-INCOME			\$270,577			\$360,769			\$450,961			

Exhibit 1

NSTAR Electric 2002 Summary of Achieved Performance Metrics and Incentives

Program/Initiative	Performance Metric Description	Threshold		Design		Exemplary		Achieved	
		Units	Dollars	Units	Dollars	Units	Dollars	Units	% Design
C&I New Construction 1	Complete projects with 24,404,692 annual gross kWh savings. Savings will be determined based on measure level engineering estimates.	18,303,519	\$387,197	24,404,692	\$516,262	30,505,865	\$645,328	28,538,052	117%
C&I New Construction 2	Complete Comprehensive Chiller Projects that total 10% of gross kWh savings. Completed is defined as either project complete or a technical evaluation completed and retrofit measures pre-approved by customer and company. Savings will be determined based on measure level engineering estimates.	7.5%	\$47,828	10.0%	\$63,770	12.5%	\$79,713	21.00%	125%
C&I New Construction 3	Complete Comprehensive Design Approach projects that total 6% of gross kWh savings. Completed is defined as either project complete or a technical evaluation completed and recommended measures incorporated into design documents. Savings will be determined based on measure level engineering estimates.	4.5%	\$47,828	6.0%	\$63,770	7.5%	\$79,713	12.70%	125%
C&I Retrofit ⁽¹⁾	Complete projects with 45,106,744 annual gross kWh savings. Savings will be determined based on measure level engineering estimates.	33,761,876	\$383,897	45,015,835	\$511,863	56,269,794	\$639,829	46,137,134	103%
Small C&I Retrofit 1 ⁽²⁾	Complete projects with 19,441,869 annual gross kWh savings. Savings will be determined based on measure level engineering estimates.	14,860,714	\$338,545	19,441,869	\$451,393	24,767,857	\$564,241	24,654,701	125%
Small C&I Retrofit 2	At least 7.5 percent of total kWh must come from "custom" measures. Custom measures are defined as those measures that are not offered on a standard basis. They must be separately screened for cost-effectiveness. Exceptions that will not qualify as custom measures are: lighting fixture replacements without redesign; HVAC tune-ups; anti-sweat heater controls, evaporator fan controls, and refrigeration compressor controls.	5.0%	\$111,324	7.5%	\$148,432	10.0%	\$185,540	9%	119%

(1) In the event that the total NSTAR C&I sector spending in 2002 (not including IRM or shareholder incentives) exceeds the amount budgeted plus any amounts made available from permanent cost savings NSTAR generates from NSTAR IRM commitments, AND C&I Retrofit program spending (not including shareholder incentives) in 2002 exceeds 107% of the budgeted amount for the program, THEN the kWh threshold, design and exemplary metrics shall be increased by the same percentage as the overspending in the program. The eligible shareholder incentive value for this metric shall also be increased based on the additional spending (not including any overspending coming from reductions in 2002 IRM payments) in accordance with DTE 98-100 Guidelines.

(2) In the event that the total NSTAR C&I sector spending in 2002 (not including IRM or shareholder incentives) exceeds the amount budgeted plus any amounts made available from permanent cost savings NSTAR generates from NSTAR IRM commitments, AND Small C&I Retrofit program spending (not including shareholder incentives) in 2002 exceeds 107% of the budgeted amount for the program, THEN the kWh threshold, design and exemplary metrics shall be increased by the same percentage as the overspending in the program. The eligible shareholder incentive value for this metric shall also be increased based on the additional spending (not including any overspending coming from reductions in 2002 IRM payments) in accordance with DTE 98-100 Guidelines.

NSTAR Electric 2002 Summary of Achieved Performance Metrics and Incentives									
Program/Initiative	Performance Metric Description	Threshold		Design		Exemplary		Achieved	
		Units	Dollars	Units	Dollars	Units	Dollars	Units	% Design
Motors 1	Number of MotorUp presentations to gatherings of customers sponsored by motor vendors. These will typically be at vendor's facilities, but could be at another location at the vendor's discretion. Dual metric, utility must meet or exceed both: (1) number of total presentations; and (2) number of total distinct customers attending. Presentations can be performed by the MotorUp contractor or the utility.	5/20	\$29,687	6/24	\$39,582	7/28	\$49,478	9/73	125%
Motors 2	Statewide: Investigate, plan and complete a redesign of the MotorUp program, and prepare for deployment in 2003. The following steps should be completed to meet exemplary performance. A utility can miss one or more deadlines and still achieve a metric award so long as the last task completed is completed by its deadline. (1) Within one month after completion by the Shick & Consultant's report on program design options, complete review of Shick & Consultant's final work product and complete a work plan for making a final decision on new program approach(es). The workplan can include completing additional research if appropriate. (2) By September 18, 2002, decide on future program redesign. (3) By November 15, 2002, complete and have reached unanimous agreement on an implementation plan for following through with redesign and deployment of new program in 2003. (4) By January 1, 2003 deploy redesigned program or develop RFP to bid for contractor(s) necessary for deployment (if appropriate).	Complete 1 and 2	\$19,791	Complete 1, 2 and 3	\$26,388	Complete 1, 2, 3 and 4	\$32,985	Complete 1, 2, 3 and 4	125%
Unitary HVAC 1	Statewide: Provide a total of 600 rebates statewide for units meeting the Consortium for Energy Efficiency Tier II standard through the Cool Choice C&I Unitary HVAC Efficiency Initiative form or an in-house utility program.	450	\$29,687	600	\$39,582	750	\$49,478	573	96%

Exhibit 1

NSTAR Electric 2002 Summary of Achieved Performance Metrics and Incentives

Program/Initiative	Performance Metric Description	Threshold		Design		Exemplary		Achieved	
		Units	Dollars	Units	Dollars	Units	Dollars	Units	% Design
Unitary HVAC 2	Statewide: Provide dual enthalpy economizer rebates through the Cool Choice C&I Unitary HVAC Efficiency Initiative form for 5% of the total rebated Statewide Cool Choice qualifying HVAC units (Tier I or Tier II) through the Cool Choice C&I Unitary HVAC Efficiency Initiative form or an in-house utility program.	3.5%	\$19,791	5.0%	\$26,388	6.5%	\$32,985	15.6	125%
Design Lights Consortium 1	Statewide: Recruit two (2) lighting distributors/suppliers/manufacturers to partner with DLC in promoting high quality, energy efficient lighting design. To count toward the metric each firm must do the following: (a.) keep DLC lighting knowhow™ guides and case studies on hand; (b.) hold at least one informal session, by October 31, 2002, for its staff to meet with the DLC circuit rider and/or utility staff to discuss: DLC design principles, and strategies for presenting DLC benefits to building owners/occupants; and (c.) hold an informal session(s), by December 31, 2002, for at least two of the firm's customers (usually small electrical contractors) to meet with the DLC circuit rider and/or utility staff to discuss: DLC design principles, and strategies for presenting DLC benefits to building owners/occupants. To count toward the metric the firm must have at least one Massachusetts location, and the sessions described in b. and c. must be held in Massachusetts and must include presentations on the applicable utility lighting rebate program.	1	\$29,687	2	\$39,582	3	\$49,478	3	125%
Design Lights Consortium 2	During 2002, influence lighting design on three (3) specific projects by working through suppliers. A utility staff person (or contractor hired by the utility or by NEEP), knowledgeable about Design-Lights materials, will meet face-to-face with "partner" suppliers (see DLC 1 above.) It is desirable, but not required for this metric, for the meeting also to include the installing contractor and/or the building owner/developer. The meeting must include discussion of how to apply DLC design principles to the project at hand and the benefits that would result from doing so. It must also include discussion of applicable utility lighting rebate programs. To count toward the metric, the projects (which are carried out at the discretion of the contractor and building owner) do NOT need to be completed during 2002, but they should be projects scheduled for completion by June 30, 2003. Planned installations must be in Massachusetts and for spaces less than 11,000 s.f. of types covered by the lighting knowhow™ guides. Documentation for this metric must include: a.) names of the DLC Partner (who may be from outside Massachusetts), installing contractor, and building owner/developer involved; b.) location and description of building, including sq. feet; c.) a brief summary of original design planned and any changes made to it, and of any sales barriers (and strategies to overcome them) that were discussed; and d.) a brief summary of how applicable lighting rebate programs were presented. (If none were applicable this should be explained.)	2	\$19,791	3	\$26,388	4	\$32,985	3	100%

NSTAR Electric 2002 Summary of Achieved Performance Metrics and Incentives											
Program/Initiative	Performance Metric Description	Threshold		Design		Exemplary		Achieved			
		Units	Dollars	Units	Dollars	Units	Dollars	Units	% Design		
Compressed Air 1	Recruit at least 33 compressed air system (or vacuum system) operators or facility engineers with compressed air responsibility at industrial plants or large industrial plants or large institutional facilities to attend Compressed Air Challenge "Fundamentals Level 1" training which occurs in 2002.	25	\$21,770	33	\$29,027	41	\$36,284	40	121%		
Compressed Air 2	Statewide: Recruit at least 17 personnel who work in Massachusetts for vendors, contractors, or consultants to attend Airmaster training. Attendance at the February, 2002 training, which was counted toward the 2001 metric, cannot be counted toward the 2002 metric.	13	\$21,770	17	\$29,027	21	\$36,284	17	100%		
Compressed Air 3	Statewide: Complete consistent guidelines for technical studies for compressed air optimization for all utilities. Then X compressed air sales and service vendors complete a compressed air system assessment consistent with utility guidelines. Utility guidelines shall be consistent across MECO, WMECO and NSTAR.	3	\$22,430	4	\$29,906	5	\$37,383	4	100%		
Operations & Maintenance 1	Statewide: In 2002, assure that X building engineers, technicians, contractors or operators who are involved in the operation and maintenance of a facility in Massachusetts are enrolled in the course work for the NEEP (Level 1)-operated operations and maintenance training and certification program. Certification in the year 2002 is not required. The levels of accomplishment denoted in this metric are contingent upon the successful completion by April 1, 2002 of a plan for transition to primarily marketing of BOC by NEEP in 2003, developed with the advice of the Massachusetts utilities. Should that not be achieved the utilities are held to these numbers multiplied by 90%, rounded down to the nearest whole number. For a utility to achieve a given level the individual utility and the statewide goals for that level must both be met.	NSTAR: 17 Statewide: 47	\$24,739	NSTAR: 23 Statewide: 63	\$32,985	NSTAR: 28 Statewide: 78	\$40,116	NSTAR: 32 Statewide: 105	125%		
Operations & Maintenance 2	Note: A business plan has been worked out between utilities and NEEP (which operates the Building Operators Certification Program) that BOC Level 1 will be largely marketed by NEEP in 2003, with utilities playing a secondary role in that year. For 2002, marketing still relies largely on the utilities. Statewide: In 2002, assure that X building engineers, technicians, contractors or operators who are involved in the operation and maintenance of a facility in Massachusetts are enrolled in the course work for the NEEP- (Level 2) operated operations and maintenance training and certification program. Certification in the year 2002 is not required. For a utility to achieve a given level the individual utility must achieve their goal and the statewide goal for that level must also be met.	NSTAR: 7 Statewide: 19	\$24,739	NSTAR: 9 Statewide: 25	\$32,985	NSTAR: 11 Statewide: 31	\$41,231	NSTAR: 20 Statewide: 28	100%		

Exhibit 1

NSTAR Electric 2002 Summary of Achieved Performance Metrics and Incentives

Program/Initiative	Performance Metric Description	Threshold		Design		Exemplary		Achieved	
		Units	Dollars	Units	Dollars	Units	Dollars	Units	% Design
Management Awareness Metric	<p>Statewide THRESHOLD: perform investigations needed to offer, in year 2003, training or other outreach, as determined appropriate by the investigation results, on the benefits of energy efficiency as a business "profit center" to groups of procurement managers, financial managers, property managers, senior facility managers or other personnel who make executive funding decisions regarding organizing, staffing, and funding for facility efficiency. The results of the investigations should 1) identify what organizations meet and train in Massachusetts and at what times of the year; 2) specify who develops curriculums and agendas;</p> <p>3) indicate how to get efficiency information inserted in their educational programs. In addition, develop and deliver presentations about existing utility efficiency programs to two of the key audiences. Groups which were counted toward the 2001 metric O&M #3 may not count towards the threshold level for the 2002 metric.</p> <p>Statewide DESIGN: present success stories on energy efficiency to the above audiences or similar audiences which were contacted as part of 2001 O&M metric #3.</p> <p>The presentations must be made jointly with members of those groups who have benefited from the information presented, and should describe the benefits and profitability of the efficiency investments using investment criteria and language that are in common use among that profession. The presentations must emphasize the intrinsic profitability of efficiency investments, not just the benefits of utility programs. As part of the presentation, demonstrate what the return for the customer was on their tariff. The design level is to do this for two audiences.</p> <p>Statewide EXEMPLARY: Same as design, but for three audiences. (Notes: Threshold involves replication of 2001 work under 2001 O&M metric #3 to reach more audiences. Design and Exemplary involve presenting information that is more carefully crafted for the specific audience and is co-presented with a member of the target group.)</p>	2	\$19,271	2	\$23,695	3	\$32,119	3	125%
Eco - Efficiency	In 2002, complete customer agreements (firm commitment, e.g., utility project agreement) for projects involving energy efficiency and significant environmental, production cost, or productivity benefits to commercial and industrial facilities. Fossil fuel savings do not by themselves qualify a project. To qualify, specific additional non-energy-efficiency benefits must be described and quantified in project materials and communicated to customer. Projects that were submitted for a prior year's metric are not eligible.	2	\$49,478	3	\$65,970	4	\$82,463	3	100%
SUB-TOTAL - C&I			\$1,649,246		\$2,198,995		\$2,747,629		
GRAND TOTAL			\$2,483,790		\$3,361,764		\$4,138,535		

Exhibit 2

Exhibit 2

NSTAR Electric 2002 Performance Metrics and Incentives

Program/ Initiative	Supporting Documentation Available Upon Request	Design Dollars	% of Design Achieved	Earned Incentive Dollars
Energy Star Homes 1	Excerpted and updated from the Massachusetts ENERGY STAR Homes Program 2002 Progress Report, prepared by Dottie Conant, Consultant	\$47,639	125%	\$59,549
Energy Star Homes 2	Excerpted and updated from the Massachusetts ENERGY STAR Homes Program 2002 Progress Report, prepared by Dottie Conant, Consultant	\$61,754	125%	\$77,193
Energy Star Homes 3	Excerpted and updated from the Massachusetts ENERGY STAR Homes Program 2002 Progress Report, prepared by Dottie Conant, Consultant, General notes on 3 MPER Reports by Ralph Prael	\$35,288	125%	\$44,110
Energy Star Homes 4	Excerpted and updated from the Massachusetts ENERGY STAR Homes Program 2002 Progress Report, prepared by Dottie Conant, Consultant	\$31,759	125%	\$39,699
Energy Star Lighting 1	Report on Documentation for Metrics ES Lighting 1 & 2 2002 prepared for the Massachusetts Non-Utility Parties by the Massachusetts Electric Utilities dated March 31, 2003	\$77,153	125%	\$96,441
Energy Star Lighting 2	Report on Documentation for Metrics ES Lighting 1 & 2 2002 prepared for the Massachusetts Non-Utility Parties by the Massachusetts Electric Utilities dated March 31, 2003	\$50,044	125%	\$62,555
Energy Star Lighting 3	Vol 1 Integrated Report on Evaluation of the Massachusetts ENERGY STAR Residential Lighting Program submitted by Megtal & Assoc & Opinion Dynamics Corp. (attached is Executive Summary only)	\$31,278	125%	\$39,098
Energy Star Lighting 4	Report on the Massachusetts Residential Lighting Initiative Market Transformation Plan for the years 2003-2005 dated December 2002	\$50,044	100%	\$50,044
Energy Star Appliances 1	Report on Documentation for Metrics ES Appliances 1 & 2 2002 prepared for the Massachusetts Non-Utility Parties by the Massachusetts Electric Utilities dated March 11, 2003	\$53,413	125%	\$66,766

Exhibit 2

NSTAR Electric 2002 Performance Metrics and Incentives

Program/ Initiative	Supporting Documentation Available Upon Request	Design Dollars	% of Design Achieved	Earned Incentive Dollars
Energy Star Appliances 2	Report on Documentation for Metrics ES Appliances 1 & 2 2002 prepared for the Massachusetts Non-Utility Parties by the Massachusetts Electric Utilities dated March 11, 2003	\$34,647	125%	\$43,309
Energy Star Appliances 3	Memo from Melissa Lucas dated March 5, 2003 with ES final sales data for 2002	\$25,985	125%	\$32,481
Energy Star Appliances 4	Report on Market Progress and Evaluation for the 2002 Massachusetts ENERGY STAR Appliances Program Final Findings and Analysis submitted by Nexus Market Research, RLW, Shel Feldman Management Consulting & Research Into Action	\$30,316	125%	\$37,895
Residential High Use	kWh savings provided by NSTAR's NEEDS database tracking system. Data provided by vendor.	\$152,380	121%	\$184,380
RCS 1	Letter to Lawrence Masland, DOER dated Nov. 26, 2002 from Debra Pirrotta, Program Manager on RCS#1 Metric Fulfillment Notification.	\$37,895	125%	\$47,369
RCS 2	Monthly Production Report maintained by NSTAR Program Manager. Data provided by vendor.	\$82,405	125%	\$103,006
RCS 3	Memo from Lawrence Masland, DOER dated December 13, 2002 on Postponement of 2002 Performance Metric - RCS 3	\$0	0%	\$0
SUB-TOTAL RESIDENTIAL		\$802,000		\$983,894
Low-Income 1	Letter from Colleen Lovejoy and David Legg to Jerry Oppenheim regarding the status of LI Metric 1. Responding memo from Jerry Oppenheim dated January 5, 2003 stating the achieved exemplary performance of Low Income Metric #1 - Outreach. Joint Massachusetts 2002 Low-Income Utility Market Research Study dated March 18, 2003 prepared by Eastham Assoc.	\$180,384	125%	\$225,480
Low-Income 2	Report on Best Practices - 2002 Low Income Metric 2 dated December 27, 2002. Responding memo from Jerry Oppenheim dated January 5, 2003 stating the achieved exemplary performance of Low Income Metric #2 - Best Practices.	\$180,385	125%	\$225,481
SUB-TOTAL LOW-INCOME		\$360,769		\$450,961

Exhibit 2

NSTAR Electric 2002 Performance Metrics and Incentives

Program/ Initiative	Supporting Documentation Available Upon Request	Design Dollars	% of Design Achieved	Earned Incentive Dollars
C&I New Construction 1	NEEDS database that identifies gross annual kWh savings.	\$516,262	117%	\$604,027
C&I New Construction 2	NEEDS database and Monthly Production report maintained by NSTAR Program Manager.	\$63,770	125%	\$79,713
C&I New Construction 3	NEEDS database report that identifies percentage of total annual gross kWh savings.	\$63,770	125%	\$79,713
C&I Retrofit	NEEDS database report that identifies gross annual kWh savings.	\$511,863	103%	\$527,219
Small C&I Retrofit 1	NEEDS database report that identifies gross annual kWh savings.	\$451,393	125%	\$564,241
Small C&I Retrofit 2	NEEDS database report that identifies 9% Custom measures; penetration of eligible customers participating in the HVAC tune up program.	\$148,432	119%	\$176,634
Motors 1	Program Manager's training rosters that include: training date, participant names and corresponding business addresses.	\$39,582	125%	\$49,478
Motors 2	New MotorUp Program redesign support documentation, including MotorUp Instant Rebate Sticker documentation, Customer Instant Rebate Forms, MotorUp Program Policy and MotorUp Rolodex Cards for Vendor deployment.	\$26,388	125%	\$32,985
Unitary HVAC 1	Cool Choice Utility Rebate Recap file that details the 2002 Unit Goals, 2002 Units and 2002 Dollars for five Massachusetts utilities and two Connecticut utilities.	\$39,582	96%	\$37,999
Unitary HVAC 2	Cool Choice Utility Rebate Recap file that details the 2002 Unit Goals, 2002 Units and 2002 Dollars for five Massachusetts utilities and two Connecticut utilities.	\$26,388	125%	\$32,985

Exhibit 2

NSTAR Electric 2002 Performance Metrics and Incentives

Program/ Initiative	Supporting Documentation Available Upon Request	Design Dollars	% of Design Achieved	Earned Incentive Dollars
Design Lights Consortium 1	Designlights Consortium memorandum, dated January 23, 2003 that highlights three "partners" that were enlisted in 2002: Munro Electric, Hamden Zimmerman and Litemore.	\$39,582	125%	\$49,478
Design Lights Consortium 2	Program Manager's DLC Partners' Project Summary Sheets	\$26,388	100%	\$26,388
Compressed Air 1	NSTAR's 2002 Training Rosters for the three Fundamentals of Compressed Air Challenge classes held: March 28, 2002, October 17, 2002 and December 5, 2002	\$29,027	121%	\$35,123
Compressed Air 2	Airmaster Attendee List	\$29,027	100%	\$29,027
Compressed Air 3	1. CAC Guidelines for selecting a compressed air system service provider 2. System assessment guidelines 3. Project information for four customers (GKN Sinter Metals, American Dryer, Quaker Fabrics and Rodney Metals)	\$29,906	100%	\$29,906
Operations & Maintenance 1	Program Manager's Training Roster	\$32,985	125%	\$41,231
Operations & Maintenance 2	Program Manager's Training Roster	\$32,985	100%	\$32,985
Management Awareness	Program Manager's 2002 Statewide Metrics that detail the 3 presentations: Purchasing Management Association of Boston, Southern New England Association of Higher Education Facilities Officers, Massachusetts Association of School Business Officials.	\$25,695	125%	\$32,119
Eco-Efficiency	Program Manager's Project Summary Reports	\$65,970	100%	\$65,970
SUB-TOTAL C&I		\$2,198,995		\$2,527,221
GRAND TOTAL		\$3,361,764		\$3,962,076